

Message Text

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PAGE 01 SANA 00210 140950Z
ACTION COME-00

INFO OCT-01 NEA-10 EB-08 ISO-00 /019 W
-----015205 140953Z /10
R 140900Z JAN 78
FM AMEMBASSY SANA
TO SECSTATE WASHDC 3514

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DECLASSIFY ON RECEIPT

E.O. 11652: N/A
TAGS: BEXP, YE, SA, TC
SUBJECT: YARG TELECOMMUNICATIONS PROJECT

REFERENCE: STATE 007590 (NOTAL)

1. SEESAW BATTLE WITHIN YARG OVER TELEPHONE CONTRACT PRESENTS FASCINATING SPECTACLE. MANY SEE FRENCH DEAL AS IRREVERSIBLE. HOWEVER, MOST RECENT DEVELOPMENT IS SUBMISSION OF REPORT BY MINISTER OF COMMUNICATIONS TO PRIME MINISTER. REPORT SHARPLY CRITICIZES ALL ASPECTS OF FRENCH CONTRACT. AT SAME TIME, MORE AND MORE YEMENIS ARE REMARKING ON BRIBERY WHICH APPARENTLY CONNECTED WITH FRENCH DEAL. WE DO NOTHING TO REPEAT OR CONFIRM THESE STORIES BUT POINT OUT AT EVERY TURN THAT U.S. LAWS AND RECENT HISTORY OF PROSECUTION AND PUBLIC EXPOSURE OF U.S. COMPANIES PROVIDE YARG GOOD ASSURANCES THAT GTE OR WESTERN ELECTRIC DEAL WILL BE FREE OF BRIBERY.

2. GANNON OF GTE CALLED EMBASSY, FINALLY, FROM MILAN ON TUESDAY, JANUARY 10, TO SAY HE THINKING OF TRIP TO YEMEN SOMETIME THIS WEEK, IF PLANCE SCHEDULES COULD BE WORKED OUT. WE TOLD GANNON THAT AT THAT MOMENT WE COULD NOT GUARANTEE HIM
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PAGE 02 SANA 00210 140950Z

A HEARING HERE AND THOUGH THAT CHANCES OF REVERSAL IN FRENCH CONTRACT WERE ONLY ABOUT THREE IN TEN. GANNON SAID HE WOULD NEVERTHELESS TAKE RESPONSIBILITY FOR VISIT, BUT THAT MAJOR TEAM FROM U.S. WOULD BE HELD UP UNTIL YARG INDICATED FIRM WILLINGNESS TO RECEIVE THEM PROPERLY. WE THINK THIS IS GOOD APPROACH, PARTICULARLY AS THERE CONTIN-

UES TO BE SET OF QUESTIONS CONCERNING GTE PROJECT
WHICH EMBASSY IS NOT IN TECHNICAL OR MANAGERIAL
POSITION TO ANSWER CORRECTLY OR EVEN INTELLIGENTLY.

3. ON QUESTION OF 250,000 DOLLAR FEASIBILITY
STUDY, BELIEVE THAT APPROACH TO AREA DEVELOPMENT
FUNDS SHOULD ALSO WAIT UNTIL YARG FORMALLY
INDICATES WILLINGNESS DISCUSS GTE APPROACH. WE
DO KNOW THAT ONE MINISTER WHICH STILL BEHIND GTE
PROJECT (MINDEVELOPMENT BASINDWA) IS TRYING TO GET
ABU DHABI TO PUT UP 60 MILLION RIYALS TO GET FRENCH
CONTRACT OFF THE GROUND. WE DO NOT KNOW IF HE IS
SUCCEEDING. ON THURSDAY, JANUARY 12, PRIME
MINISTER, WHEN ASKED BY AMBASSADOR FOR INFORMATION,
SIMPLY SMILED AND SAID, "GIVE US TIME." BELIEVE,
THEREFORE, THAT FOR MOMENT OUR EFFORTS AND THOSE OF
GTE SHOULD BE FOCUSED ON YAR GOVERNMENT RATHER
THAN ANY OTHER GOVERNMENT.

4. APPRECIATE WASHINGTON BACKUP PER REFTTEL FOR THIS
IMPORTANT PROJECT TO WHICH EMBASSY AND YARG ATTACH
SO MUCH IMPORTANCE.
SCOTES

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